

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)
) No. G 2000 - 16
)
The Market Conduct Examination) FINDINGS, CONCLUSIONS, AND
of Guaranty National Insurance Company.) ORDER ADOPTING REPORT
)

BACKGROUND

An examination of the market conduct of Guaranty National Insurance Company (the Company) for the period October 1, 1998, to March 31, 1999, was conducted by market conduct examiners of the Washington State Office of the Insurance Commissioner. The Company is an insurer authorized under RCW 48.05.030. This examination was conducted in compliance with the laws and regulations of the State of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the Office of the Insurance Commissioner. This examination was limited to agent licensing, complaints, commercial underwriting, personal underwriting, commercial claim handling, and personal claims handling.

The examination report with the findings and recommendations was transmitted to the Company for their comments on January 11, 2000. Response to the draft report was received on February 18, 2000.

The Commissioner or a designee has considered the report, the relevant portions of the examiner workpapers, and the submission by the Company. The report was modified to reflect new information provided by the company in their response to the draft report.

Subject to the right of the Company to demand a hearing pursuant to chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

The Commissioner adopts as findings the findings of the examiners as contained in the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct of the Company.

ORDER

The examination report as filed, attached hereto and incorporated by reference, is hereby ADOPTED as the final examination report.

It is ORDERED that the Company comply with the Instructions in the Report as follows (the page and other references are to the report):

1. The company is instructed to comply with RCW 48.17.060 and 48.17.160 to ensure that all agents are licensed and appointed. (Page 6)
2. The company is instructed to comply with RCW 48.05.190(1) and establish procedures that ensure policy documents and correspondence correctly identify the legal name of the insuring company. (Pages 7, 9, 11)
3. The company is instructed to comply with RCW 48.18.2901(1)(b) by making all offers of renewal in writing to the named insured at least 20 days in advance. (Page 9)
4. The company is instructed to comply with all documentation requirements in WAC 284-24-100. (Page 9)
5. The company is instructed to comply with RCW 48.18.100(1) and file all forms that do not qualify as manuscript forms prior to use in Washington. (Page 10)
6. The company is instructed to comply with WAC 284-30-570 by sending the insured notices of non-renewal of cancellation in clear simple language that requires no additional research for the insured to understand the action. (Page 10)
7. The company is instructed to comply with WAC 284-30-330(9) and identify the specific coverage under which all claim payments are made. (Page 11)
8. The company is instructed to comply with WAC 284-30-340 to ensure claim files contain all required work papers and log notes. (Page 11)
9. The company is instructed to comply with WAC 284-30-360(1) and (3) to ensure timely responses to pertinent correspondence and notice of claim. (Page 11)
10. The company is instructed to comply with WAC 284-30-370 to investigate all claims within 30 days unless it cannot reasonably be completed within this timeframe. (Page 11)

11. The company is instructed to comply with WAC 284-30-390(a)(b)(i-ii) when establishing the market value of total loss vehicles, including payment of all applicable taxes and license fees. (Page 11)
12. The company is instructed to comply with WAC 284-30-395(1) by sending a written explanation of Personal Injury Protection coverage and limitations as required. (Page 12)
13. The company is instructed to comply with RCW 46.12.070 and notify the Department of Licensing about total loss vehicles as required. (Page 12)

ENTERED at Lacey, Washington, this 8th day of March, 2000.

DEBORAH SENN

Insurance Commissioner

By:

WILLIAM E. FRANSEN

Deputy Commissioner